

**BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO**

In the Matter of the Protest of	)	
	)	DOCKET NO. 18352
[REDACTED],	)	
	)	DECISION
Petitioners.	)	
_____	)	

On June 25, 2004, the Tax Discovery Bureau (Bureau) of the Idaho State Tax Commission issued a Notice of Deficiency Determination (NODD) to [Redacted] (taxpayers), proposing income tax, penalty, and interest for taxable years 1998 and 1999 in the total amount of \$2,050.

The taxpayers filed a timely appeal. They did not submit additional information and did not request a conference. The Tax Commission, having reviewed the file, hereby issues its decision based upon the information contained in the file.

Tax Commission records showed the taxpayers had not filed Idaho individual income tax returns for the years 1997, 1998, and 1999. The Bureau contacted the taxpayers who expressed their surprise stating they were sure they had filed returns for these years. The Bureau sent the taxpayers copies of W-2 information that was found in Tax Commission records and asked the taxpayers to provide a copy of their federal returns. The Bureau advised the taxpayers to contact their prior employers for copies of their W-2s to assure they would receive credit for all withholding.

[Redacted]

Idaho Code § 63-3045 (1)(a) states:

**63-3045. Notice of redetermination or deficiency -- Interest.**

(1) (a) If, in the case of any taxpayer, the state tax commission determines that there is a deficiency in respect of the tax imposed by this title, the state tax commission shall, immediately upon discovery thereof, send notice of such deficiency to the taxpayer by registered or certified mail or by other commercial delivery service providing proof of delivery, whichever is the most cost efficient. The notice shall be sent to the taxpayer's last address known to the state tax

commission. The notice of deficiency shall be accompanied by an explanation of the specific reason for the determination and an explanation of the taxpayer's right to appeal. Within sixty-three (63) days after such notice is mailed, the taxpayer may, at his option, file a protest in writing with the state tax commission and obtain redetermination of the deficiency.

In a letter the Bureau sent dated February 25, 2004, the taxpayers were asked to provide the Idaho returns or other additional information no later than April 1, 2004. Because federal and state income records showed the total income for 1997 was not sufficient to result in more than a minimal tax due, the Bureau did not pursue 1997 further. The Bureau did not receive a response from the taxpayers, and a NODD addressing tax years 1998 and 1999 was prepared and sent to them. The taxpayers protested.

The taxpayers said, "as far as we are aware, we did file state taxes during the years in question." They explained that their records prior to 1999 were lost and, in 1998, they were students with limited income. They said they just received federal tax information they had requested in the spring and were in the process of "refilling [sic] for those years so we may account for deductions." They said they were willing to "refile" because they have no proof they already filed the returns. They asked for payment arrangements because of the circumstances of the matter and because they are raising four small children on a limited income.

The Bureau wrote the taxpayers two additional letters acknowledging their protest and asking for additional information. The Bureau told the taxpayers the names of the three employers to contact for copies of W-2s to assure the taxpayers had been given the correct amount of credit for withholding. All three employers were Idaho school districts.

Nothing further was heard from the taxpayers and their file was transferred to the Legal/Tax Policy Division for administrative review. The Tax Appeals Specialist sent the taxpayers a letter explaining their options regarding their appeal. However, the letter did not prompt a response.

Tax Commission records show that during the years 1998 and 1999 the taxpayers were Idaho residents with Idaho sourced income in excess of Idaho's filing requirement. The taxpayers have not filed Idaho individual income tax returns for either of the years at issue and have not indicated when the Tax Commission might expect to receive those returns.

The Bureau used the taxpayers' income amounts shown in federal records and other information available to the Tax Commission to calculate the Idaho tax. The taxpayers were allowed the standard deduction and credit for five personal exemptions for 1998 and six personal exemptions for 1999. Withholding identified in Tax Commission records, \$26 for 1998 and \$1,071 for 1999, was allowed to offset a portion of the tax. The Bureau added interest and penalty pursuant to Idaho Code §§ 63-3045 and 63-3046. The Tax Commission reviewed those additions and found them proper and in accordance with Idaho Code.

Unless the taxpayers file Idaho returns for the years at issue or provide additional information to show the Tax Commission's computations are in error, the Tax Commission is unable to make adjustments to the tax amount or the penalty and interest calculations. The Tax Commission's collection department will address the issue of a payment arrangement when the total amount due has been finalized.

A Notice of Deficiency Determination issued by the Idaho State Tax Commission is presumed to be accurate. Parsons v. Idaho State Tax Com'n, 110 Idaho 572 (Ct. App. 1986). Having presented no information in support of their argument, the taxpayers have failed to meet their burden of proving error on the part of the deficiency determination. Albertson's, Inc. v. State, Dept. of Revenue, 106 Idaho 810 (1984).

WHEREFORE, the Notice of Deficiency Determination dated June 25, 2004, is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayers pay the following tax, penalty, and interest.

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
1998	\$947	\$237	\$384	\$1,568
1999	332	83	110	<u>525</u>
			TOTAL	<u>\$2,093</u>

Interest is computed through April 2, 2005.

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of taxpayers' right to appeal this decision is enclosed with this decision.

DATED this \_\_\_\_ day of \_\_\_\_\_, 2005.

IDAHO STATE TAX COMMISSION

\_\_\_\_\_  
COMMISSIONER

**CERTIFICATE OF SERVICE**

I hereby certify that I have on this \_\_\_\_\_ day of \_\_\_\_\_, 2005, served a copy of the within and foregoing DECISION by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[REDACTED]  
[REDACTED]  
[REDACTED]

Receipt No.

---